Telephony

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Wireless Network Bonus Inside

Digital cellular: What now?

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N.E.T. PUTS SONET IN CELLULAR

VIDEO DIAL TONE PLAN COMES UNDER FIRE

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Telephony

FOR TODAY'S COMPETITIVE PUBLIC NETWORK MARKET

Despite CTIA action last month, the future of digital cellular is as cloudy as ever. Cover photo by Steven Hunt, The Image Bank

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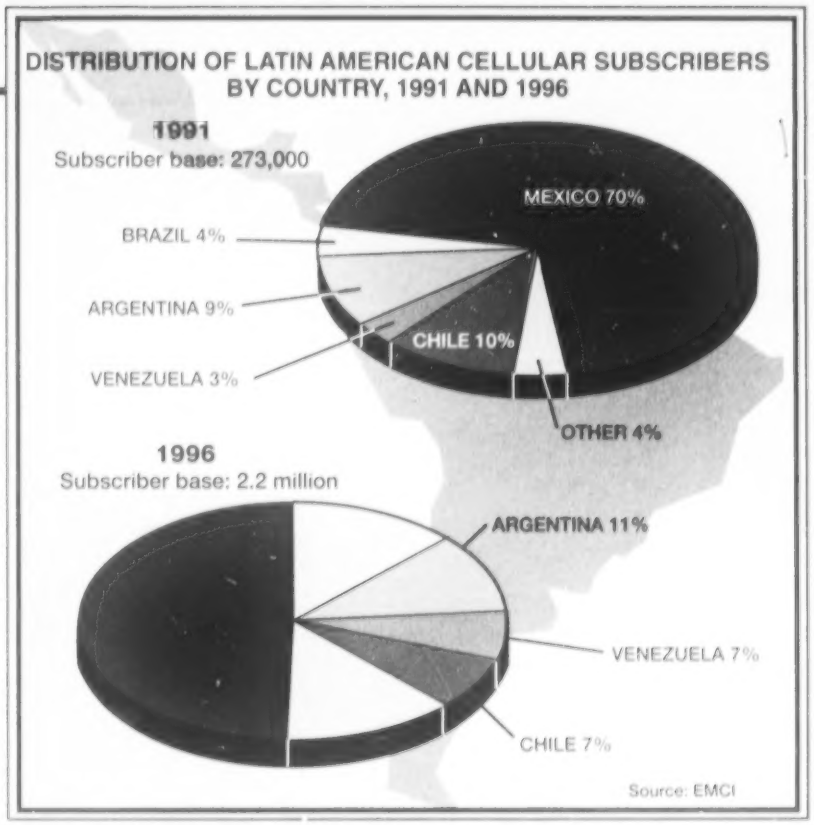
knowledge of the Telecaribe service, but did say it was opposed to direct phone links with Cuba.

Since the fall of Soviet communism and the increasing political isolation of the Castro regime, the same group apparently supports better communications with Cuba.

"Equally important to increasing economic pressure on the Castro regime is the idea of improving communications with the Cuban people," said Jose Cardenas, the group's director of research and publications. "One way to do this is to upgrade the antiquated telephone lines between the U.S. and Cuba. Modernizing the service would open up communications between divided families and also provide a crucial channel to Cuba's persecuted opposition groups."

Sablon, meanwhile, could not be reached for comment. It is unknown whether his company is still in business. AT&T's Johnson could not say when the cable will actually go into service.

"Every international long-distance call and every agreement between a company and a government involves a settlement, a division of revenues," he said. "That is the part we're talking to the Cuban government about. The other money has to do with maintenance and repayment of capital costs, which is the responsibility of the Cuban government. No monies have changed hands as of yet, since it's all contingent upon reaching a settlement agreement." ■



The number of cellular subscribers in Latin America is expected to grow eightfold by 1996, according to forecasts from EMCI Consultants, Washington, D.C. Mexico will continue to serve the largest number of users, but other countries, most notably Brazil, will make large gains as well.

Video dial tone plan pleases few

Charles F. Mason, East Coast Bureau Chief

The Federal Communications Commission's proposal to allow the nation's local exchange carriers to offer video dial tone services drew fire last week from all sides, with some industry players criticizing it as too much and others knocking it for not going far enough.

Under the FCC's proposal, LECs could offer transport and other related video gateway services to independent video program providers. Unlike regular cable TV operators, however, the LECs would not be allowed to offer or control program content in any way.

Not surprisingly, the National Cable Television Association, which has been fighting to keep the telephone companies out of its business, claimed that allowing the LECs to offer video dial tone services will hurt telephone ratepayers and lead to billions in wasted plant.

"If the commission induces telcos to build inefficient, underutilized facilities, it will not only produce distortions in the unregulated video programming marketplace, but also leave captive ratepayers to foot the tab," NCTA told the FCC in written comments.

The trade group added that the FCC has failed to say how it would deal with costs for jointly used video and non-video facilities; the mechanism for assigning these costs among regulated service categories and between regulatory jurisdictions; and the ways in which other so-called safeguards might be deployed to deter "anti-consumer and anti-competitive" practices by the LECs.

In addition, several CATV companies, filing their own separate comments, said the FCC would be violating the 1984 Cable Act passed by Congress if it allowed telcos to get into the CATV business in any form within the LECs' operating territories.

LECs said the video dial tone proposal did not go far enough. Pacific Telesis, for example, said the proposal would not provide "adequate financial incentive" to accelerate the deployment of a broadband technology infrastructure.

The National Telephone Cooperative Association said "there is little reason to conclude that sufficient demand presently exists to justify" offering the video dial tone service. Instead, NTCA urged the FCC to help persuade Congress to drop its cable/telco cross-ownership ban, which would pave the way for telcos to own fully functioning CATV systems.

So far, efforts to win congressional approval of lifting that ban have gone nowhere, despite support from the Bush administration. Instead, Congress is in the process of passing cable reregulatory legislation that fails to address the cable/telco cross-own-

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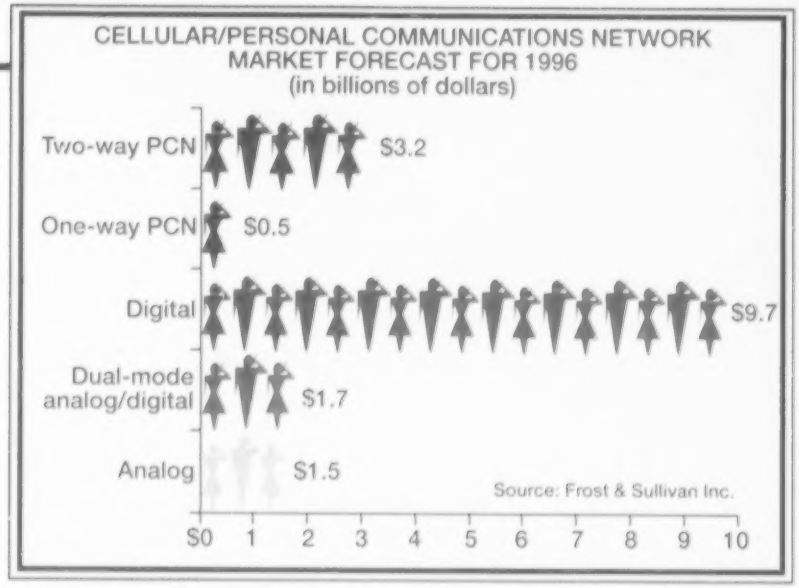

ership prohibition. The Senate passed a reregulation bill earlier this month, and a similar bill is expected to pass the House of Representatives later this year.

Meanwhile, Northern Telecom, which would stand to profit from increased spending on the nation's telecommunications infrastructure, told the FCC that the agency would be making a mistake if it centers its efforts on only bringing more competition to the CATV market. The FCC should be looking at the bigger picture —and encouraging the deployment of advanced services and infrastructure, the company argued.

"This is not about entertainment video," Northern Telecom said. "It is about whether the commission will begin the process of dismantling today's policies that undermine the ability of market forces to pace the development of high-bandwidth public networks that will meet the increasingly video and image-oriented telecommunications requirements of tomorrow."

Northern Telecom also called for a change in the FCC's LEC price-cap plan so that some of the productivity gains can be plowed back into infrastructure investment. The company urged changes in depreciation practices—practices that "retard the deployment of more advanced network capabilities and services."

For its part, the Telecommunications Industry Association, citing the "copper culture" that pervades both the LECs and CATV companies, urged the FCC to allow greater cooperation between the nation's telephone and CATV industries. TIA maintained that fiber-in-the-loop systems for narrowband services are already comparable in cost to their copper counterparts. Yet, "deployment remains piecemeal and chiefly oriented toward field trials," TIA said, because of various factors, including outdated federal regulation. ■■

DSC celebrates another RHC deal

Bell regional holding companies continue to show support for DSC Communications Corp. Ameritech has ordered an undisclosed amount of signal transfer points (STPs) in DSC's second RHC contract this year.

DSC seems to have successfully shaken off any ill effects from last summer's signaling system 7 outages that were traceable in part to DSC equipment. Pacific Bell, one of the RHCs stung by the outages, signed a

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BT North America plans cell-based POS system

Steven Titch, News Editor

BT North America has begun offering an electronic transaction service using cellular radio channels. The service, which uses special equipment from Cellular Data Inc., is designed to provide merchants with alternatives to leased and dial-up lines for point-of-sale (POS) validation.

"Traditional credit card verification takes 18 to 25 seconds using dial-up lines and 6 to 8 seconds using the more expensive leased lines," said Tom Welsh, manager of electronic transaction service product marketing for BT North America, Washington.

The service is another way users can bypass high telco charges using new, less expensive data services especially tailored to bursty traffic that requires speedy network access.

BT North America demonstrated the service at the recent ComNet show in Washington. Cellular Data will exhibit the equipment this week during the Cellular Telecommunications Industry Association's winter meeting in New Orleans.

The product is expected to attract interest from cellular carriers because it is designed to use the frequency spacing that separates the radio channels carrying cellular phone conversations. Thus, cellular carriers get revenues from resources that previously lay fallow, explains Lee Horsman, Cellular Data director of marketing.

The equipment consists of a credit card reader and a cellular radio terminal for the customer premises and a plug-in card for the cell site that allows it to interface directly with a packet-switched network. BT North America is offering merchants the equipment and service as a package, Welsh said.

Besides POS credit card validation, the system has applications for remote alarm systems monitoring, remote meter reading and automatic vehicle location, Horsman said. The company recently completed field trials with GTE Mobile Communications and Bell Atlantic Mobile Systems.

BT North America's plan calls for service rollouts in several major cities later this year, Welsh said. The company is holding off until it makes necessary arrangements with a number of carriers in a cross-section of U.S. markets, he added. Pricing has yet to be determined, but Welsh said his company's rates will be competitive, if not less expensive, than private lines from local exchange carriers. ■■